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SUBJECT: WTO TRIPS COUNCIL SPECIAL SESSION October 27 2005

[1](#)1. SUMMARY: The TRIPS Council Special Session met on Thursday, October 27, 2005. The Special Session is charged with negotiating a system of notification and registration of geographical indications (GIs) for wines and spirits eligible for protection in those WTO Members participating in the system, in order to facilitate the protection of GI's. Ambassador Manzoor Ahmad of Pakistan chaired the meeting. Discussion centered on remaining issues under the Secretariat's comparison document of the proposals tabled

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(the Joint Proposal, Hong Kong and the EC). The issues discussed were duration/renewal of the system; modification of notifications; termination of participation; withdrawals of GIs; administering body and fees/costs. Many delegations, including Brazil, voiced serious concern over the EC proposal's over-reaching nature that is beyond the mandate. The EC and Switzerland provided interventions supporting the EC proposal. In addition, the Chair held an informal consultation regarding the Council's contribution to the Ministerial. The Chair suspended the meeting to hold further consultations. END SUMMARY.

AGENDA

[1](#)2. As the Special Session is solely concerned with the negotiations of a system of notification and registration of GI's for wines and spirits, the Agenda was short, including: negotiation of the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits; and other business.

NEGOTIATION OF THE ESTABLISHMENT OF A MULTILATERAL SYSTEM OF NOTIFICATION AND REGISTRATION OF GEOGRAPHICAL INDICATIONS FOR WINES AND SPIRITS

[1](#)3. Discussion began on the issue of modification and withdrawal of notification and registration under the three proposals tabled. Argentina noted that the Joint Proposal offers simple and clear methodology so that all modifications are notified to the administering body. Argentina noted reservations regarding the EC proposal with the respect to the withdrawal of notification under paragraph 8.1 of the proposal. It states that "if the GI no longer fulfills the conditions, the notifying member shall withdraw the relevant notification." Argentina opined that there is no guidance for when a notifying Member fails to make a notification that the GI has fallen into disuse in the country of origin. It was noted that this lack of notification could be damaging to producers in third countries. Argentina added that the direct legal effect in the proposal creates great uncertainty for producers that would have to stop using a term but then not be aware that the term no longer meets the requirements for registration under the system. Argentina stated that the Joint Proposal allows each country's legislation to apply and that there is more certainty for producers in third countries.

[1](#)4. The EC first commented that the Hong Kong proposal has the duration of GI protection limited to 10 years. The EC noted that TRIPS is silent regarding duration of protection, stated that it has doubts whether 10 years would be in conformity with TRIPS, and asked about the rationale this provision. With respect to the Joint Proposal, the EC stated that there could be termination of participation, but maintained that there should be no such thing as terminating participation in the system, as it is not consistent with a multilateral system. On withdrawals of GIs, the EC stated if a notifying Member fails to notify a withdrawal of a GI that is no longer protected in the country of origin, the Member would be in violation of the text. For the third country market aspect, the EC stated that it is up to a country to decide whether it protects a GIs that has fallen into disuse in the country of origin, pursuant to Article 24.9. In response to Argentina's question concerning withdrawal of participation, the EC stated that it has not

provided any language on that point and would be ready to think about language but noted that withdrawal from the system could only mean changing from a participating to a non-participating member, unless a Member becomes an LDC or leaves WTO.

15. Hong Kong responded to the EC's question concerning duration of protection under its system. Hong Kong noted it is not proposing any legal limit on duration of protection. The provision is meant more as administrative mechanism to keep the system up to date. If circumstances remain the same for that particular GI, it will be automatic renewal, subject to an administrative fee. If there are changes, the durational limit provides a mechanism for the administering body to keep the system up to date.

16. The USDEL stated that for those Members who are neither wine nor spirits producers, the EC comments demonstrate which proposal to avoid. The U.S. noted that it still cannot understand the benefit of being a non-participating Member under EC system. There would be no corresponding benefits for non-participating Members, but these Members are subject to costs of a mandatory system. The U.S. stated that the Council should focus on the Joint Proposal because it does not impose any new obligations or increase levels of protection, but helps facilitate protection that had already been negotiated during the Uruguay round.

17. The EC stated that Article 23.4 states "multilateral" and that the Joint Proposal is plurilateral in nature and therefore does not meet the mandate.

18. Australia stated that it is concerned with respect to GI's that have fallen into disuse but that remain registered under the system and impact third country markets. Australia also responded to the EC's "multilateral" comment, noting that the Code of Good Practice in the Technical Barriers to Trade Agreement is a multilateral agreement in which all Members do not have to participate.

19. In response to Chinese Taipei's question for Hong Kong on whether a member can terminate its participation in the system at any time, Hong Kong responded yes.

110. With respect to fees and costs under the three proposals, the EC stated that its system is inspired by the Madrid Protocol. The EC noted that the cost of system should be borne proportionally by those who benefit the most from the system. The fees would be paid by notifying WTO members. A basic fee would be paid to cover administrative costs, and individual fee to monitor for past and future trademarks. The WTO Secretariat will establish fees and redistribute fees like the Madrid Protocol system.

111. Australia stated that there are no fees or costs related to the Joint Proposal. In contrast, the EC proposal would result in each PTO charging an individual fee to cover examination cost, in addition to basic cost mentioned in EC proposal. Australia noted that it is unclear what cost savings will be under the EC proposal, as opposed to applying for certification mark under current systems. Australia also noted that there would be many costs associated with EC proposal that would not be recoverable by fee mechanism proposed. Members would have to implement new system of protection, (those who protect under unfair competition law, for example), and costs associated with mandatory challenge procedures.

112. New Zealand stated it sees the Joint Proposal as the lowest cost proposal. It has minimal costs for those choosing to participate, and no cost for those who are non-participating Members. In contrast, the real costs of EC system are higher than just carrying out a trademark system, and there would be significant cost to consumers, producers and governments. New Zealand noted that the costs even for a developed country would be difficult under the EC's system. Countries would have to monitor all notified GIs, monitor national trademarks and lose flexibilities under national law; engage in bilateral negotiations and lose flexibilities in that forum as well. It was noted that for some developing countries they may not have the infrastructure to implement these new obligations.

113. Argentina stated that Members should be concerned with hidden costs that would have to be borne by national PTOs. It was noted that the EC's proposal is very complex with respect to costs and fees, there are some initial elements in Articles 9.2 and 9.3 that give rise to uncertainty. There is no estimate as to how much it will cost or what the budget is for the administering body. Argentina noted that Article 9.7(b) mentions "monitoring" and questioned whether each WTO member would have to continually monitor the applications for trademarks and be reimbursed by another member. Also noted that the Secretariat is charged with the role of having to calculate the individual and basic fee to be paid by the applicant.

¶14. Canada stated that the fees that are believed to be involved under the EC's system are: lodging a reservation; examination costs; costs to governments entering into bilateral negotiations; trademark searches (searches normally done by lawyers or trademark practitioners); governmental costs for setting up system to deal with a flood of applications (hiring people, new computers, etc); costs with respect to opposing potential notifications; costs of enforcement; costs to producers/retailers regarding rebranding; and costs to trademark holders who have trademarks that consist of or contain GIs. Canada added that it is now dealing with 490 applications for GIs that came in all at once after the conclusion of the Canada -EC wine agreement. They are overwhelmed, and unsure how a smaller country will be able to handle this situation in a multilateral context. Canada concluded by noting that the Joint Proposal is a voluntary system that would be low in costs to run.

¶15. Japan stated that a proposed system should not impose costs on Members nor the Secretariat. Chinese Taipei agreed with the statements of New Zealand, Australia, Canada, and Japan. Colombia also agreed with these statements.

¶16. The EC stated that the Joint Proposal contains costs and is a system that implies some obligations through which tribunals will have to examine registration, and that this will incur costs. The EC noted that there must also be costs, for example, associated with setting up computers for all PTOs to hold the database to look at during examination. The EC also stated that it will exercise self-restraint in notifying GI terms, adding that imposing a fee on the registration will automatically restrain the number of notifications. The EC continued by noting that its proposal is pro-developing countries and noted that Colombia is applying for GI protection in the EU.

¶17. Hong Kong noted that its proposal does not have direct costs on non-participating Members, but noted that there are indirect costs regarding monitoring third country markets (legal presumption approach).

¶18. Australia noted that it opposed the EC's characterization that the Joint Proposal is as costly as the EC's proposed system, stating all of the new obligations that are included in the EC system.

¶19. The USDEL supported Australia's comments, and also noted that EC's GI regime for some time did not provide protection for third country GI's unless the relevant country had a reciprocal system. The U.S. stated that, in contrast, the certification mark system in the United States protects a large number of third country GIs. The USDEL stated that the Joint Proposal meets the mandate and that the database proposed is unprecedented in its transparency. The USDEL concluded by stating that the EC's proposal is justifying compulsory bilateral negotiations when a reservation has been lodged against a notification by misinterpreting Article 24.1. It was noted that in order for Article 24.1 to apply, the term at issue would have to a GI in the objecting territory and that the EC is essential stating that even where a Member objects to the registration because it is not a GI in its territory that Member cannot object to bilateral negotiations. The USDEL stated that the EC is shifting the rights and obligations in this area.

¶20. Chile stated that the fact that Members have to engage in bilateral negotiations is a feature that does not exist with in the Madrid Protocol and does not exist with in TRIPS. Chile noted that this feature alone would involve lots of costs, and moreover territoriality is not addressed in the EC's proposal.

¶21. In response to the EC's question concerning the costs of the Joint Proposal, Australia reiterated that there would absolutely no costs to non-participating members. Noting that this is significantly different than EC proposal, where non-participating members would still have to set up a system of administration, even when they are not notifying any GIs themselves. Australia noted that under the Joint Proposal Members are free to implement the Joint Proposal the way they see fit and that there would be no need to employ new staff or revise existing law.

¶22. With respect to the role of the administering body, the EC noted that it envisions either the WTO Secretariat or WIPO having the role. Switzerland stated that the administering body should undertake administrative tasks such as receiving notifications and reservations, sending such information to Members and publishing the information on-line. Switzerland also added that the administering body should carry-out formal examination of notifications to ensure requirements are met.

¶23. Hong Kong stated that with respect to the review of the system, participation is a feature that would have the

opportunity for review. The U.S. noted concern with respect to a review that would change the nature of participation into a mandatory one. The USDEL noted with respect to the administering body that the first question is to know the type of system that will be administered. The U.S. indicated that the Joint Proposal will be very easy to administer, with limited overhead and similar to the implementation done by the Secretariat of the Central Registry of Notifications.

¶24. The Chair noted Members remain divided on the issues of legal effect, participation and costs and fees.

#### CONTRIBUTION TO THE PREPARATIONS FOR THE HK MINISTERIAL CONFERENCE

¶25. The Chair held informal consultations regarding what should happen in the run-up to Hong Kong.

¶26. The EC noted that a new language on the mandate should be considered, including "a multilateral register that has binding force and should be multilateral in the sense that all Members should be bound by it." The EC added that it expects progress on GIs consistent with progress on other areas, including Agriculture.

¶27. Australia noted that in terms of Chair's report to the TNC/GC, it should be short, factual and reflects the nature of the discussion, including recent meetings that show there has been good engagement, but that work continues, including with the legal texts that are on the table.

¶28. The USDEL indicated support for Australia's statement and noted that no clarification of the mandate is warranted. Chile, Canada, Argentina, New Zealand and Chinese Taipei endorsed these comments.

¶29. Switzerland noted that to overcome the gridlock on the issue, the Chair's report should indicate that guidance is necessary from a higher level.

¶30. The Chair indicated that he was suspending the meeting and would continue with consultations on this issue. The Secretariat announced dates for next year's Special Session

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tentatively as March 16-17, June 12-13, and October 26-27.